

Office Memorandum • UNITED STATES GOVERNMENT

TO : MR. ROSEN

DATE: April 9, 1948

FROM : MR. CALLAN

SUBJECT: PAUL HENRY NITZE
EUROPEAN RECOVERY PROGRAM

Mr. Tolson ✓
Mr. E. A. Tamm
Mr. Clegg
Mr. Glavin
Mr. Ladd
Mr. Nichols ✓
Mr. Rosen ✓
Mr. Tracy ✓
Mr. Carson
Mr. Egan
Mr. Gurnea
Mr. Harbo
Mr. Hendon
Mr. Pennington
Mr. Quinn Tamm
Tele. Room
Mr. Nease ✓
Miss Gandy

Reference is made to a request from Mr. NEASE, of the Director's office, to you to have a brief summary prepared of the information in the bureau files on the above-named individual for [REDACTED]

A review of the Bureau files has been made and a blind memorandum prepared, which is attached.

I thought you might be interested to know that PAUL HENRY NITZE was formerly a Vice President of Dillon, Read and Company. It is noted that the Honorable JAMES FORRESTAL, Secretary of Defense, was formerly President of this firm.

Mr. FORRESTAL was interviewed in connection with an applicant investigation on this individual in January, 1941, and highly recommended him. [REDACTED] reported in 1940 that NITZE and JAMES FORRESTAL were great friends.

ACTION

It is recommended that the attached blind memorandum be furnished to [REDACTED]

Attachment
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J.S.

April 9, 1948

~~PAUL HENRY NITZE~~

BACKGROUND

Paul Henry Nitze was born at Ashcroft, Massachusetts, on January 16, 1907, the son of William Albert Nitze and Anna Milken Nitze. William Albert Nitze, the father of Paul, was born in 1876 and married Anna Sophie Milken of Baltimore in that city in 1901. Paul Henry Nitze has one sister, Elizabeth, married to Walter Paul Poepeke of Chicago. William Albert Nitze was connected with the University of Chicago as a Professor and Head of the Department of Romance Languages and Literature from 1909 to 1911. 62-60411-2, 16X

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In 1932 Paul Henry Nitze married Miss Phyllis Pratt, the daughter of the late John T. Pratt and Mrs. Pratt of New York City. Mrs. John T. Pratt, better known as Ruth Pratt, was formerly a representative from the 19th Congressional District of New York. 62-60411-2

EDUCATION

Nitze attended Hotchkiss School and graduated from Harvard University in 1928. While in college he attained considerable athletic and social prominence, having stroked the freshman crew and having been elected to the Frocellian, a very exclusive college club. 62-60411-7X

EMPLOYMENT

Nitze was connected with Dillon Read and Company, New York City Investment Bankers from October, 1929 to December, 1929 and from January, 1934 to June, 1938. According to the files of the Bureau of Securities, State of New York, Nitze held the office of Vice President of this company from April, 1937 to June, 1938 and was elected to the same office on January 1, 1940.

He was reported to be connected with the Hixwick Corporation, a Dillon Read and Company subsidiary, from 1930 to 1934. He returned to Harvard University in 1938 to take a course in Administration. He was reported as having shared offices with [redacted] a consulting and industrial engineer in New York City during the year 1939. He was also reported as being closely associated with [redacted] a research engineer and enterpriser interested in power transmissions. In 1940 Nitze's record was reported as satisfactory at the Bureau of Securities, New York State. At that time he was listed as a Director

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124-1-1
ENCLOSURE

of the Chicago, Rock Island and Pacific Railroad; St. Louis and San Francisco Railway; St. Lawrence Paper Mills Company, Limited and the U. S. Vitamin Corporation. He was also ~~60441-2~~ reported as President of P. H. Nitze and Company, Incorporated.

In October, 1940, the Corporation Division of the Department of State, Albany, New York, contained no record of P. H. Nitze and Company, Incorporated. ~~62-60538-1~~

While connected with the firm of Dillon Read and Company, Nitze was associated with Honorable James Forrestal, then President of Dillon Read and Company, ~~62-60538-1~~ Secretary of Defense. For approximately three months during 1940, Nitze worked for Mr. Forrestal as a subordinate in the Navy Department.

Former associates in 1940 described Nitze as a highly intelligent individual and stated he was an exceedingly able and energetic businessman who had been quite successful with Dillon Read and Company. This success was partly attributed to the fact that he was a "pusher" and somewhat of an opportunist.

Since 1940 Nitze has been reported to have held numerous positions with the U. S. Government and at one time was Vice President of a secret project conducted generally by the Army and Navy and known as the "Strategic Bombing Survey."

ALLEGATIONS OF PRO-NAZI SENTIMENTS OF PAUL HENRY NITZE

A reliable informant in 1940 submitted the following information concerning Paul Henry Nitze. "Since the beginning of the Nazi regime his political thoughts have been leaning more and more along those lines and he has expressed feelings of admiration for totalitarianism and considerable contempt for the processes of democracy. At a small dinner with intimate friends some time last autumn (a considerable period after the outbreak of the European war) he was quoted by a person who was present as having stated that if either alternative should become necessary he would rather see America under the dictation of Hitler than under the British Empire. It seems that he expressed himself so forcefully, although not under the influence of drink, that a somewhat unpleasant impression was left with the others who were present."

"A person who was one of his most intimate friends informed that there can be no question of his desire to be a 100% American, but expressed doubts whether Nitze could, with the best intentions in the world, conquer completely his prejudices in favor of Nazism and his fundamental disdain for our form of government."

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Paul Henry
A New York banker in 1940 reported that Nitze was always pro-German in the sense that he felt the Germans "were doing a good job and he seemed to personally dislike the British." Up until sometime in 1940 he made little effort to hide his pro-German sympathies and would argue with friends on the subject. He considered Nitze's reputation in general to be that of a very bright individual. 62-60411-2

Paul Henry
A prominent and reliable individual in 1940 reported that he had had numerous conversations with Nitze relative to his political affiliations and that Nitze always impressed him as being 100% American. In these discussions Nitze had advised that his uncle, Paul Hilken, was definitely pro-German and that he had been associated with his father, Henry C. Hilken, as general agents of the North German Lloyd Steamship Company in Baltimore, Maryland, and that he was reported to have been the pay-off man in the "Black Tom Case" and that he was quite active in sabotage and espionage activities in this country during the First World War.

James
This individual reported that he understood that sometime during 1940, Nitze had gotten into a discussion relative to Hitler and his activities at a dinner party. Nitze had made the statement that it was not all one-sided and this had left the wrong impression with those present and had possibly been misconstrued and enlarged upon. This individual was positive that Nitze did not mean that he was pro-German when he made this remark but merely meant that Germany was well prepared and organized.

62-60411-9 (Mr. James Forrestal, Secretary of Defense)

ALLEGATIONS OF PRO-GERMAN ACTIVITIES OF IMMEDIATE RELATIVES

In the Enoch-Pratt Library, Baltimore, Maryland, under the heading "German Activities in Baltimore", an article in the March 21, 1937, issue of the Baltimore Sun refers to the death of Henry C. Hilken. It was noted that he was survived by his daughter [redacted] of Chicago, a son, Paul G. L. Hilken of Baltimore and New York and five grandchildren. Two of the grandchildren reported were Paul H. Nitze of New York and Mrs. Walter P. Paschke of Chicago. It was noted that Hilken was formerly German Consul at Baltimore, Maryland, from 1925 to 1933 and that he had been called to testify in the investigation of the "Black Tom Explosion."

Under the name of Paul G. L. Hilken, the following information appears in articles in the Baltimore Post dated October 9 and October 10, 1933:

"German spies in Baltimore. First inside story reveals city as center of Teutonic intrigue during war. Paul G. L. Hilken tells of directing operatives all over the United States. Millions of dollars

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"German sabotage agents in this country three years before the World War were centered in Baltimore at the Hansa Haus, at Charles and German (now Redwood) Street.....

"Hansa Haus.....was the focal center of a vast system of spies of German sabotage in the United States, South American, Mexico in the years before this country entered the World War....

"The chief of these men whose skill directed their movements and from whose vaults came the money to finance their wide-spread operations was Paul G. L. Hilken, son of Henry G. Hilken, former German Consul here." This article goes into further details of the sabotage activities of Paul G. L. Hilken in World War I.

Other information concerning Paul G. L. Hilken is contained in the case "United States of America on behalf of Lehigh Valley Railroad Company Agency of Canadian Coal and Foundry Company, Limited, et al, versus Government of Germany, Mixed Claims Commission file 975 Annex C". The information developed during this case, which is a matter of record with the Mixed Claims Division, United States and Germany, Room 553, State Department Building, relative to Paul G. L. Hilken reflects in brief that Paul G. L. Hilken in 1916 went to Germany in connection with the submarine transport business and while in Berlin participated in a conference in February, 1916, according to an affidavit filed with the Mixed Claims Division by Major Madolny Marguerite of the German General Staff in charge of sabotage and espionage in the United States. [redacted] in his affidavit alleged that Paul Hilken was designated at the conference as paymaster for espionage activities in the Western Hemisphere; that he was provided with funds for this purpose and was told that additional funds would be provided as needed; also, he was told where he, Hilken, would be furnished with said funds.

A graduate of the University of Chicago in June, 1917 advised that W. A. Nitze was a member of a German Society which held lectures at the Art Institute; that a Mr. Guenzel was President. This is probably the Germanistic Society of Chicago which was active at that time and of which Mr. Louis Guenzel was Recording Secretary. Guenzel was reported to be very pro-German in his sympathies. Nitze had been heard to say that he regarded himself as an American citizen first but that he opposed the declaration of war. Mrs. Nitze was alleged to be very pro-German and to have regarded herself as German first, last and always.

A resident of Chicago in June, 1940, whose reliability is unknown, reported that William A. Nitze, who was Head of the Department

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of Romance Languages and Literature at the University of Chicago, and his wife, who was reported to be the sister of Paul Hilken, the pay-off man in the "Black Tom Explosion" during World War I, were both very pro-Nazi. 62-60411-6x

An individual believed to be reliable in August, 1940 reported that he had received information from an informant that Professor Albert William Nitze, connected with the University of Chicago, was pro-Nazi and was a friend of Professor Walter Von Wartburg who was thought to be a pro-Nazi propagandist. 100-769-28

A resident of the State of Colorado in 1940 reported that Professor William A. Nitze of Chicago is known among his colleagues in Chicago and neighbors in Estes Park, Colorado, where he has a summer home, as a person with Nazi leanings and sympathies. In 1938 this individual talked with Mrs. A. Nitze and she was at that time definitely pro-Hitler.

In 1941 a former associate of William A. Nitze reported that in the fall of 1933 while Mr. and Mrs. Nitze were visiting in Germany and while stopping at a small town at Saxony, Mr. Nitze wrote a letter to Hitler congratulating him on restoring order to Germany and ridding Germany of undesirable elements. It was also reported that in January, 1939, Mr. and Mrs. William A. Nitze had entertained [redacted], a known Nazi propagandist.

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In January, 1941 a resident of Colorado reported that on one occasion Mrs. Nitze had inquired as to why he being a German was not in sympathy with Hitler and the present German form of Government. It was also reported that sets of cocktail glasses in the summer home of Nitze were inscribed with the words "Seil Hitler."

10.6. A former neighbor in Chicago reported that during World War I Mrs. Nitze made this statement, "I am not pro-German. I am German."

An associate of William Albert Nitze in 1941 reported that he and his wife had made numerous trips to Germany, France and Italy prior to World War II. Nitze was considered pro-German and at the same time anti-Nazi. He felt strongly for the German cause because of the German culture. He is flighty and argumentative and during arguments might leave impressions as being pro-Nazi. He was highly regarded by associates and was considered in favor of democracy. Another associate considered Mrs. Nitze pro-Nazi.

Numerous associates, acquaintances and neighbors of Mr. and Mrs. William Albert Nitze reported in 1943 that both had probably in the

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past been indiscreet in making statements favoring Germany. Mr. Nitze was considered as possibly pro-German and anti-Nazi. Mrs. Nitze was thought by some to be pro-Nazi. General consensus of opinion was that neither had made any seditious statements and they were thought to be loyal to the United States. 62-60411-30

One individual advised that he had complete confidence in Nitze but that he had possibly been anti-Semitic. 62-60411-28

In December, 1943 Mr. and Mrs. Nitze maintained that they were loyal Americans. They admired German culture and had made numerous trips aboard but had no Nazi sympathies. They had associated in the past with the German Consulates in Chicago because of the social prestige. They had associated socially with [redacted] but disagreed with his Nazi propaganda. Both maintained that they had never belonged to the German-American Bund or American First Committee and had never contributed to the German Relief Society or the Silver Shirt Movement. Mrs. Nitze maintained that she never communicated with Hitler. She stated that she had cocktail glasses with the words "Waldmann's Heil" on them which translated means "Woodman's luck". She stated she had no glasses inscribed "Heil Hitler." It was maintained by Mr. and Mrs. Nitze that during their travels in numerous foreign countries many local costumes of the Swedish, Dutch and German types had been brought back and that one Nazi costume was brought to Chicago. This was used in a play ridiculing the Nazis and may have left the wrong impression with some individuals. In addition, Mrs. Nitze had playing cards the backs of which had figures of the leaders of the Nazi movement. These are merely treasured as souvenirs of their travels aboard. 62-60411-39

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